



## BUSINESS OPERATIONS - December 2023

**ARPA Board Adopts 2024 Budget.** At its December meeting the ARPA Board of Directors approved its operating budget for 2024 in the amount of \$25,428,886. Rates will remain unchanged and stable for the 2024 budget which includes:

- Revenues of approximately \$31 million
- Power supply expense of approximately \$15 million
- Transmission expense of approximately \$3.6 million
- A&G expense of approximately \$1.5 million
- Debt Service expense of \$8.3 million

**ARPA Board Engages in Strategic Planning-Future Rate Strategy.** Beginning in 2025, ARPA will realize a significant reduction in its power supply costs as it enters into a new power supply agreement with Guzman Energy. In anticipation of that event, the ARPA Board hired JK Energy Consulting to perform a "Cost of Service" (COS) study. The COS study will analyze ARPA's existing wholesale rates and identify options for reducing or restructuring them beginning with the new power supply in 2025. The Board discussion included not only reducing the wholesale rate, but also developing a rate to encourage new load growth and to provide ARPA members a tool for building new load. The review is expected to continue through next summer and be included in ARPA's 2025 budget with any changes to the rate to be considered for formal adoption at ARPA's rate hearing tentatively scheduled for December 5, 2024.

**Town of Springfield Microgrid Grant Application.** The Town of Springfield, in conjunction with ARPA, submitted a microgrid planning grant application that will evaluate the options for developing a back-up source of power supply for the Town. Currently Springfield is dependent on one radial 69 kV subtransmission line that is subject to extreme weather conditions experienced in Southeast Colorado. The grant application was submitted to the Department of Local Affairs (DOLA) on November 16<sup>th</sup> and notice of the award is anticipated to be mid to late February 2024.

**Summary of October 2023 Financial and Operating Statements.** During the month of October, revenue from power sales were 0.5% better than budget and total cost of goods sold (COGS) were under budget 5.1%. Net Revenue for the month was \$287,681. YTD revenues from power sales are under budget by 3% and COGS are 7.3% under budget. Net revenues YTD are well above budget at \$3.68 million.

**Next ARPA Meeting.** The next regularly scheduled meeting of the ARPA Board of Directors is Thursday, February 29, 2024. The meeting will be held in La Junta at the Otero College Student Center, 2001 San Juan. The meeting notice and agenda will be posted on ARPA's website ([arpapower.org](http://arpapower.org)) under [Public Notices](#) and will also be posted in a designated location in each of the member cities at least 24 hours in advance of the meeting. **ARPA board meetings are open to the public.**